

STANDARD Q's AND A's

1) What is Medicare Contracting Reform?

- Under the new Medicare law, CMS is required to replace the current Medicare Fiscal Intermediaries and carriers, using competitive procedures, with new Medicare Administrative Contractors by 2011 (Medicare Contracting Reform Section 911 of the Medicare Prescription Drug, Improvement and Modernization Act was enacted on December 8, 2003).

2) What is a Medicare Administrative Contractor?

- A Medicare Administrative Contractor is the new contracting organization that is responsible for the receipt, processing and payment of Medicare claims. In addition to providing core claims processing operations for both Part A and Part B, they will perform functions related to:
 - Beneficiary and Provider Service,
 - Appeals,
 - Provider Education and Training,
 - Financial Management,
 - Provider Enrollment,
 - Reimbursement,
 - Payment Safeguards, and
 - Information Systems Security.

3) When will Medicare Contracting Reform become effective?

- CMS is permitted to begin competing these contracts on October 1, 2005. CMS will have 6 years (October 2005-October 2011) to initially compete and transition all current Medicare fee-for-service contract workloads to the new authority.

4) Will contractors have to re-compete their contracts?

- Yes – CMS will have to compete the contracts every 5 years.

5) Under Medicare Contracting Reform, will all existing contractors have to compete if they wish to remain a contractor?

- Yes.

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6) How many contractors are there now and how many do you expect when Medicare Contracting Reform is fully implemented in 2011?

- Currently, there are 26 Fiscal Intermediaries and 18 Carriers. On September 30, 2004, the Premera Part A workload will transition to Noridian, leaving 25 Fiscal Intermediaries and 18 Carriers.
- The Secretary has stated that CMS should utilize the Medicare Contracting Reform authority to further consolidate claims processing operations and reduce the number of Medicare contracts that need to be managed.
- The specific number and scope of future Medicare Administrative Contractor contracts, along with a draft acquisition schedule indicating the projected solicitation and contract award dates for each Medicare Administrative Contract, will be posted to the Medicare Contracting Reform website when this information is finalized.
- Even when the number of Medicare Administrative Contractor contracts is finalized, CMS will not know how many companies will actually participate in the new contracts until it receives proposals from interested contractors.

7) What will be the impact of Medicare Contracting Reform on the Medicare fee-for-service program?

- Under Medicare Contracting Reform, CMS will be able to improve and modernize Medicare fee-for-service claims processing operations by providing the flexibility for CMS and the Medicare contractors to work together more effectively and better adapt to changes.
- Medicare Contracting Reform enables the Medicare fee-for-service program to benefit from economies of scale and competitive performance contracting.

8) How will Medicare Contracting Reform affect Medicare beneficiaries?

- Medicare Contracting Reform, coupled with other CMS plans (1-800-Medicare and the installation of new customer service software), will improve the quality of healthcare for Medicare beneficiaries.
- CMS will evaluate the new Medicare administrative contractors, in part, based on beneficiary and provider satisfaction levels with their services. This performance management approach will improve customer service to Medicare beneficiaries.

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- CMS will manage the Medicare Administrative Contractor transitions to ensure continuity, accuracy and timeliness in claims processing and payment, so that beneficiaries are not adversely affected by these contractor changes.

9) How will Medicare Contracting Reform affect Medicare providers?

- Through the competitive process, new Medicare Administrative Contractors will be established to provide improved service and performance to all providers in their jurisdiction.
- Medicare Contracting Reform brings some potential benefits to providers including a role in contractor evaluation via surveys and improved provider education and training for small providers or suppliers.
- CMS will manage the Medicare Administrative Contractor transitions to ensure continuity, accuracy and timeliness in claims processing and payment for providers.

10) What are the key changes that Medicare Contracting Reform brings?

- As CMS moves forward with Medicare Contracting Reform, we will ensure that changes are managed effectively and coordinated with other Program initiatives. CMS will ensure that Medicare claims continue to be processed effectively, accurately and in a timely manner.
- Under Medicare Contracting Reform, contracts will be subject to the Federal Acquisition Regulation. Differences between the Title XVIII contracts (current contracts) and the Federal Acquisition Regulation contracts (future contracts) are included in the chart below.

<u>CURRENT CONTRACTS</u>	<u>FUTURE CONTRACTS</u>
Restrictions on who can receive contract award	Full and open competition is required
Generally limited to cost reimbursement contracts	Several types of contracts are available
Performance standards and criteria are published in the Federal Register	Performance standards are contained in the contract

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<u>CURRENT CONTRACTS</u>	<u>FUTURE CONTRACTS</u>
Either party may terminate	Only Government may terminate for convenience or default
Must submit monthly expenditure reports, which do not have to be approved in advance in order to access funds	Must submit a voucher in order to get paid, and payment is made after voucher is approved
Contracts/Agreements renewed year to year	Contract period of performance is a maximum of 5-years

11) Will Medicare Contracting Reform affect the Medicare Advantage or the prescription drug benefit?

- No.

12) Who can compete for these new contracts?

- The Secretary may enter into contracts with “any eligible entity” for:
 - Determining and making payments,
 - Eligible individual education and assistance,
 - Provider consultation,
 - Communication,
 - Provider Education, and
 - Technical Assistance.
- An “eligible entity” includes, but is not exclusive to current Medicare contractors (Non-insurance companies can compete for these new contracts).
- The Medicare Prescription Drug, Improvement and Modernization Act of 2003 sets forth the minimum conditions for eligibility to be a Medicare Administrative Contractor. These include:
 - Ability to perform the functions,
 - Compliance with Federal Acquisition Regulations’ conflict of interest standards,
 - Sufficient financial assets to support performance of the functions, and

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- Any other requirements imposed by the Secretary.

13) When does CMS plan to start transitioning the Medicare Administrative Contractors?

- CMS is currently developing a variety of transition timeline models with varying procurement periods.
- CMS will publish a schedule as soon as one has been finalized.

14) How will the Medicare Administrative Contractor jurisdictions be aligned?

- This information will be posted to our Medicare Contracting Reform website as soon as the information is finalized.

15) How do we get information on Medicare Contracting Reform?

- Throughout the Medicare Contracting Reform implementation process, CMS intends to work closely with contractors, providers and beneficiaries.
- In March of 2004, CMS developed a website devoted to Medicare Contracting Reform at <http://www.cms.hhs.gov/medicarerereform/contractingreform/>, which is continually updated with new information.
- We will communicate information and decisions as early and often as possible on our website and other forums that may be beneficial.